Following is a compendium of stuff re performance management - brochure; extract of presentation by MG Drewes; set of charts on outcomes and outputs and control and influence.

Below is side one of a brochure. Next page is side two. Print the two, paste back to back, fold in an appropriate manner. Voila - a pocket sized guide to some really important parts of performance management.


Guiding Principles

Use the following principles of the DCMC performance management system to guide the assembly of the "Parts":
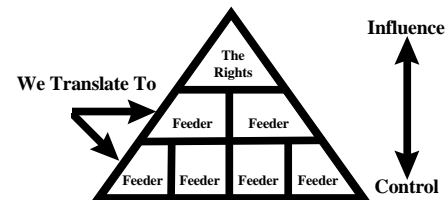
- **Customer Focused**
- **Continuous Improvement**
- **Fact-Based Decision Making**
- **Process Oriented**
- **Resource-Performance Alignment**

"There are only two reasons to do <u>anything</u> in a performance management scheme - improve your current performance and/or invest in performance in the future."
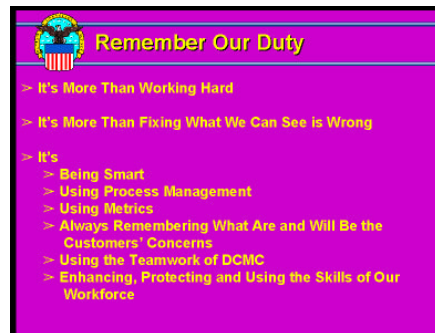
Metrics "Insight"

Customer Says →

The Rights

Feeder | Feeder

Feeder | Feeder | Feeder | Feeder
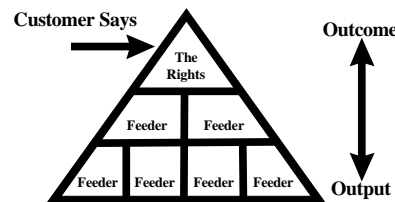
Outcome ↕ Output

- **Outcome** - the state our customers are trying to achieve
- **Output** - Feeder metrics are our "operational definitions" of the voice of our customers - we manage at this level to achieve results at the outcome (Right) level
  - **Outputs** are also the "process drivers" of the next higher level metric

We Translate To →→

The Rights

Feeder | Feeder

Feeder | Feeder | Feeder | Feeder

Influence ↕ Control

- **The closer you get to the top of the pyramid the less control you have but...**
- **The greater the impact the metric has on the outcome your customer is seeking**
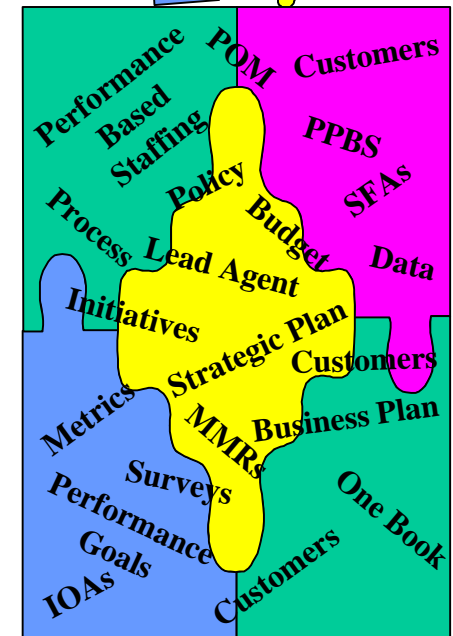
Performance Management

in

DCMC

Quality -- Commitment -- Satisfaction

Remember Our Duty

➢ **It's More Than Working Hard**

➢ **It's More Than Fixing What We Can See is Wrong**

➢ **It's**
  ➢ **Being Smart**
  ➢ **Using Process Management**
  ➢ **Using Metrics**
  ➢ **Always Remembering What Are and Will Be the Customers' Concerns**
  ➢ **Using the Teamwork of DCMC**
  ➢ **Enhancing, Protecting and Using the Skills of Our Workforce**

Major General Robert W. Drewes
DCMC Commander's Conference
12 November 1996

DEFENSE CONTRACT
MANAGEMENT COMMAND

Lots Of Parts

Performance Based Staffing — POM — Customers — PPBS — SFAs — Data — Policy — Budget — Process — Lead Agent — Initiatives — Strategic Plan — Customers — MMRs — Business Plan — Metrics — Surveys — Performance Goals — IOAs — Customers — One Book
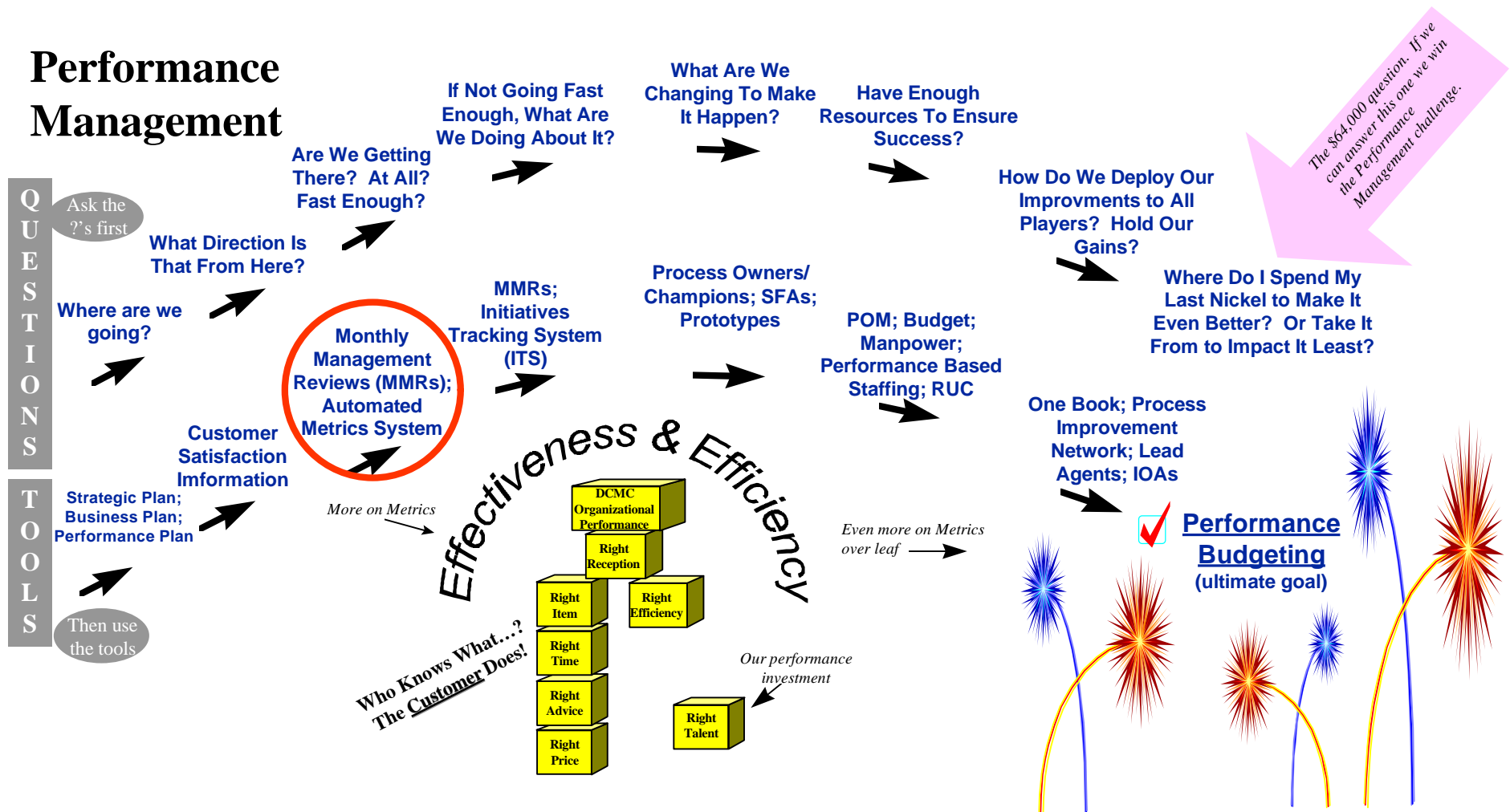
"I always suspected that everything fit neatly together but it was difficult for me to picture."

Anonymous

Here's side two.

Performance Management

QUESTIONS / **TOOLS**

Ask the ?'s first

Then use the tools

Where are we going?

What Direction Is That From Here?

Customer Satisfaction Imformation

Strategic Plan; Business Plan; Performance Plan

Are We Getting There? At All? Fast Enough?

Monthly Management Reviews (MMRs); Automated Metrics System

More on Metrics

If Not Going Fast Enough, What Are We Doing About It?

MMRs; Initiatives Tracking System (ITS)

What Are We Changing To Make It Happen?

Process Owners/ Champions; SFAs; Prototypes

Have Enough Resources To Ensure Success?

POM; Budget; Manpower; Performance Based Staffing; RUC

How Do We Deploy Our Improvments to All Players? Hold Our Gains?

Where Do I Spend My Last Nickel to Make It Even Better? Or Take It From to Impact It Least?

One Book; Process Improvement Network; Lead Agents; IOAs

The $64,000 question. If we can answer this one we win the Performance Management challenge.

Effectiveness & Efficiency

Who Knows What…? The **Customer** Does!

DCMC Organizational Performance

Right Reception

Right Item

Right Efficiency

Right Time

Right Advice

Right Price

Right Talent

Our performance investment

Even more on Metrics over leaf ➔

## Performance Budgeting
(ultimate goal)

The following twenty or so charts are from Maj Gen Drewes' presentation at the 14 Nov 96 Commander's Conference. The subject is performance management couched in flying terms and experiences.

Vertigo = The Sensation of Dizziness

and the Feeling that Oneself or

One's Environment is Whirling

About… A Confused

or Disoriented State of Mind…
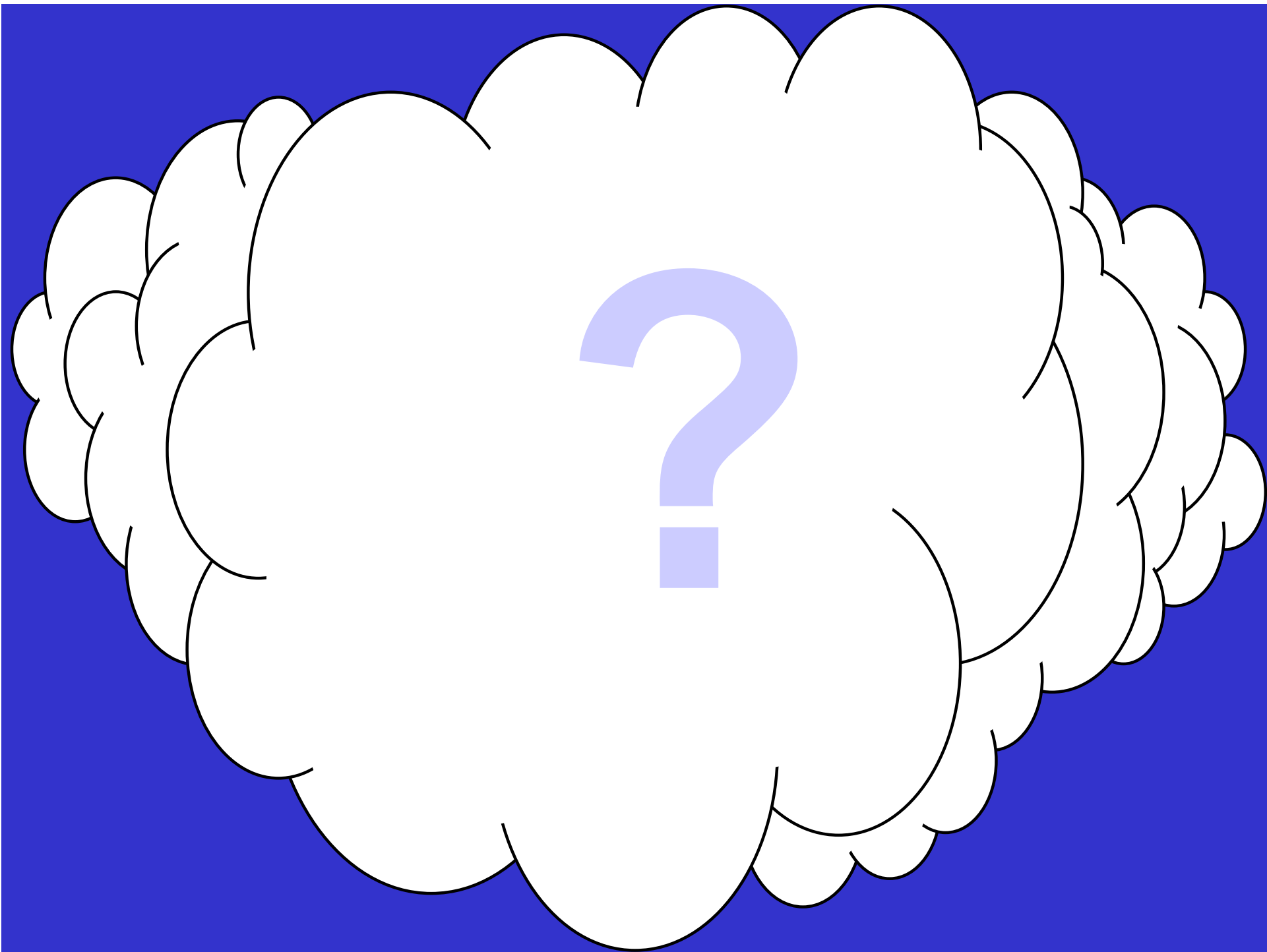
It is Possible to Get Management Vertigo. It Comes Primarily From Looking out the Window, Trying to See What is Happening.
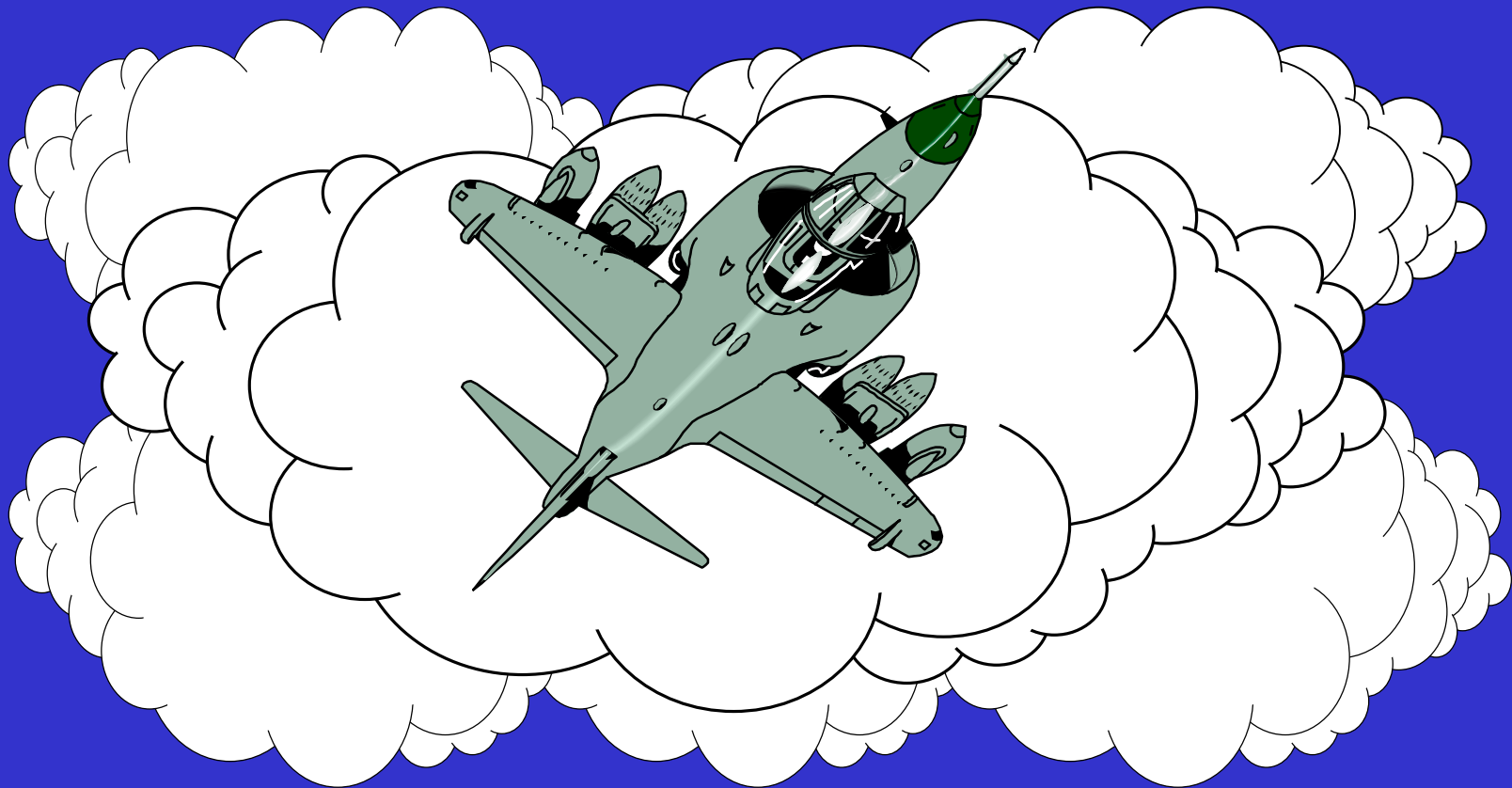
Vertigo

Keep Your Eyes on Your Instruments… Your Gauges… Your Metrics…

Vertigo

You Don't Know What You Don't Know. In Too Many Situations You Will Only See That You Have A Problem When It Is Too Late, Often After Your Customer Sees It First.

Vertigo

We Do Not and Will Not Have the People Nor the Policy Authorization to Provide Over-the-Shoulder or Hands-On Surveillance of All That is Required of Us.

Vertigo

We Must Use Process Surveillance Techniques and Metrics to Gauge Our Progress.

Our Leadership Responsibility

➢ **History of CAS**

➢ **IOA Results**

➢ **Management Vertigo**

➢ **Metrics**

➢ **Other Signs of Problems**

➢ **Remember Our Duty**

The Only Way to Fly

Right Time

Right Item

Right Reception

Right Price

Right Efficiency

Right Talent

Right Advice
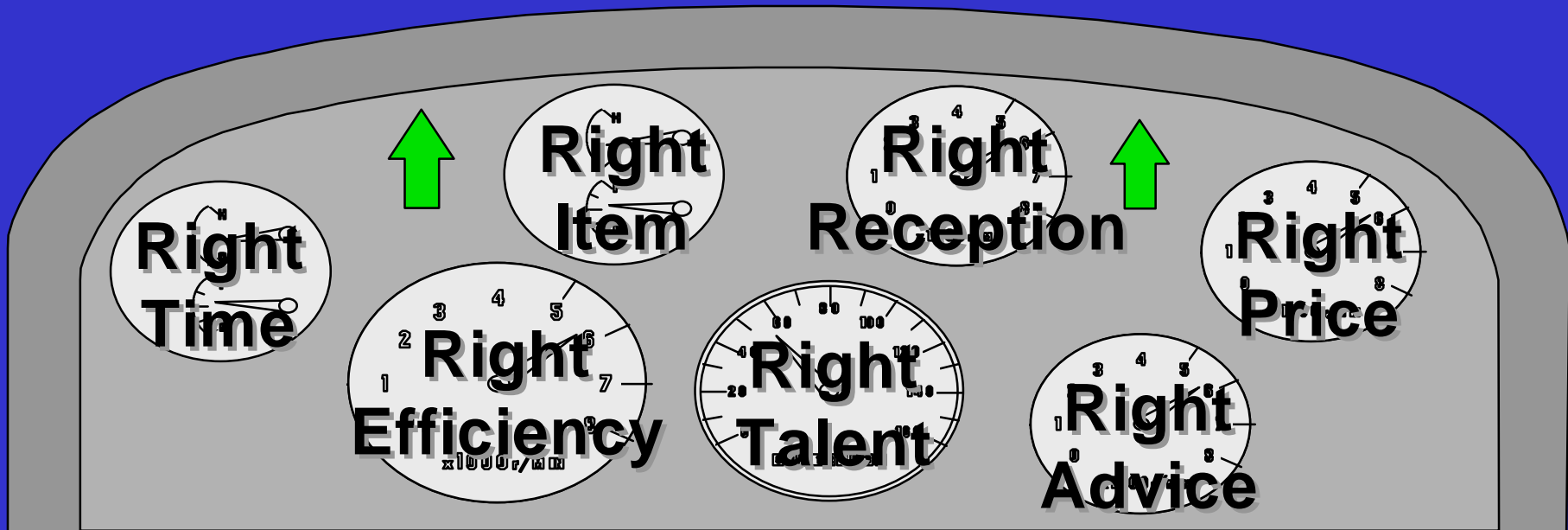
Design Defects
First Pass Yield on First Articles
Packaging Discrepancies
Delay Forecast
Coverage/Timeliness/Accuracy
CPL Coverage
ECP Cycle Time
Schedule Slippages on Major
  Programs
Shipping Document Cycle Time

Negotiation Cycle Time
Overage UCAs On-Hand
FPRA Coverage
Cost Overruns on Major Programs
$LDD Compared to Industry Standard
Repeat Requests for Early CAS
Adopted Software Recommendations
% Contractors on CAL
SPI Implementation
Preaward Survey Timeliness

Service Standards
Trailer Cards
Contract Closeout
Termination Actions
Contractors with CS2 Joint
  Agreements
DAWIA Certification
Course Completion
Training Quota Usage

Metrics - Where Do We Stand?

- New Set of Performance Metrics
  - Building Our Base of Data

- Not Enough to Determine "the Truth" in Most Cases

- However, There Is Much to Learn and Do Absent Perfect/Complete Data

Ground School

- DCMC Policy Memorandum 96-54 - Procedures for Command Level MMRs (Sep 30, 1996)
  - Enclosure - A logical way to view performance analysis and a sequence of steps to follow for process owners and process champions

Metrics Performance Analysis for Monthly Management Reviews

- **How are we doing?**
  - Going to meet target?
    - Does the trend look favorable? Trend analysis (hybrid): plot some dots, put a line down the middle, if extended to end of year does it go through or to the good side of the target value? (Note: Trend should be a logical result of whatever was done to change the process.)
    - Yes - go to next metric
    - No - find out **why**?
  - There is no target - now what?
    - Are we maintaining performance level? Trend analysis again - see if the line goes through or to the good side of the baseline value (the year's starting position) at the end of the year.
      - Yes - Go to next metric
      - No - Find out **why**?
- **Why?**
  - Three reasons:
    - Reason 1 - Operating elements not performing to process capability (operating elements are Districts/CAOs/individuals from HQ perspective, CAOs/individuals from District perspective, individuals from CAO perspective) and/or,
      - Review operating element (District and CAO) performance
        - Are they the apparent reason for not projecting/achieving victory or for taking the nose dive? Quick and dirty:
          - Compare the performance of the separate elements in a Pareto diagram to the average of the operating elements.
          - If the "outliers" (significantly different than others) were performing at the average for all operating elements would victory be at hand?
          - If the rest of the operating elements (non-outliers) were performing at the average level of the best three elements, would victory be at hand? (Presumes the top dogs are playing by same rules as rest)
            - If Yes - Go visit them - carry the word - show them the way
            - If No - Go to Reason 2.
    - Reason 2 - Something is amiss with the process
      - Do "root cause" analysis of process - MUST know what drivers of process are and have data.
        - Look at performance of ALL process drivers (a.k.a. "feeder" metrics, critical process variables)
        - At least one should be exhibiting performance that would explain lack of performance (see "Going to meet target?" above). May have more. Some may be going south in a big hurry while others hold steady, easy to attribute blame. Some may be getting worse while others getting better, not so easy.
          - If yes - Do root canal on one(s) in trouble
          - If no - Go to Reason 3
    - Reason 3 - Nothing done to change process (includes resources used to execute the process)
      - If you did something it evidently didn't address the process drivers. What's the new plan?
   - If you didn't do anything, what's the plan?
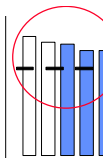
Flying Lesson #1

➢ **Only One (1) Data Point:**

    ➢ **Does It Signal a Possible Concern?**

    ➢ **Compare to a Standard, the Goal/Target, a Reasonable Expectation**

➢ **Example - Right Item (% Conforming - Usable Lab Tested / # Lab Tested)**

If the Number Is Indicative,
Every Third Item We Inspect
At Its Source Is Unusable But
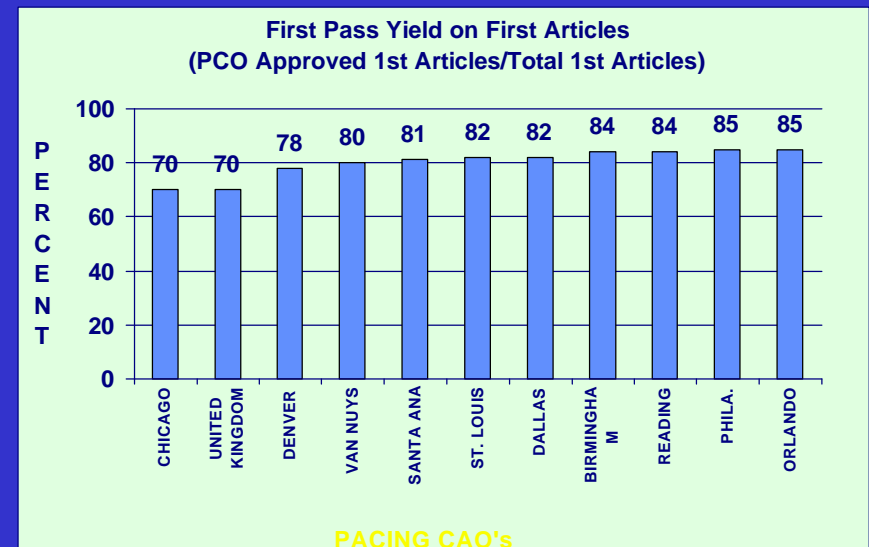*Is Shipped in Any Case!*
Do Not Wait for the Second Data
Point to Show up Before You Start Further Analysis.

100

•69%

50

0

May-Sep 96
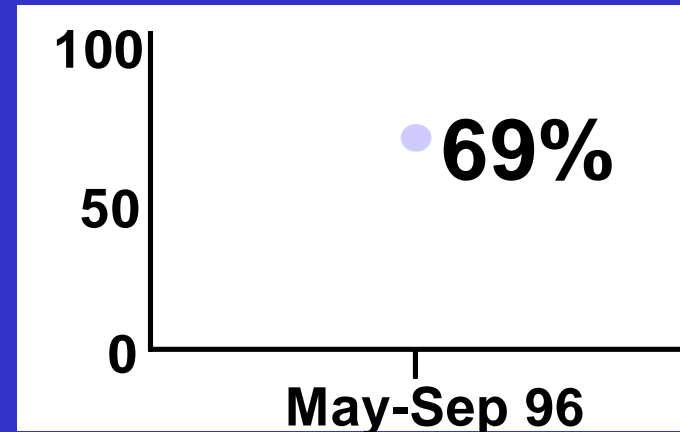
Flying Lesson #2

➢ **Series of Data:**

   ➢ **Stratified by Operating Element (I.E., CAO)**

   ➢ **Compare the Operating Elements to Each Other, to the Average, to the Benchmark**

➢ **Example - First Pass Yield on First Articles (PCO Approved / Total First Articles)**

Can Those CAOs Perform To Average of Rest? What Would Our Performance Look Like If They Did? What If All CAOs Performed to a Level With The Best? Where Are The Opportunities?

First Pass Yield on First Articles
(PCO Approved 1st Articles/Total 1st Articles)

CAO	Percent
CHICAGO	70
UNITED KINGDOM	70
DENVER	78
VAN NUYS	80
SANTA ANA	81
ST. LOUIS	82
DALLAS	82
BIRMINGHAM	84
READING	84
PHILA.	85
ORLANDO	85

PACING CAO's

Flying Lesson #3

➢ **Trend Data:**

➢ Our Most Valuable/Meaningful Analysis

➢ Sufficient Data for Statistical Validity - About 16 Data Points - Don't Have to Wait for Monthly Data Though

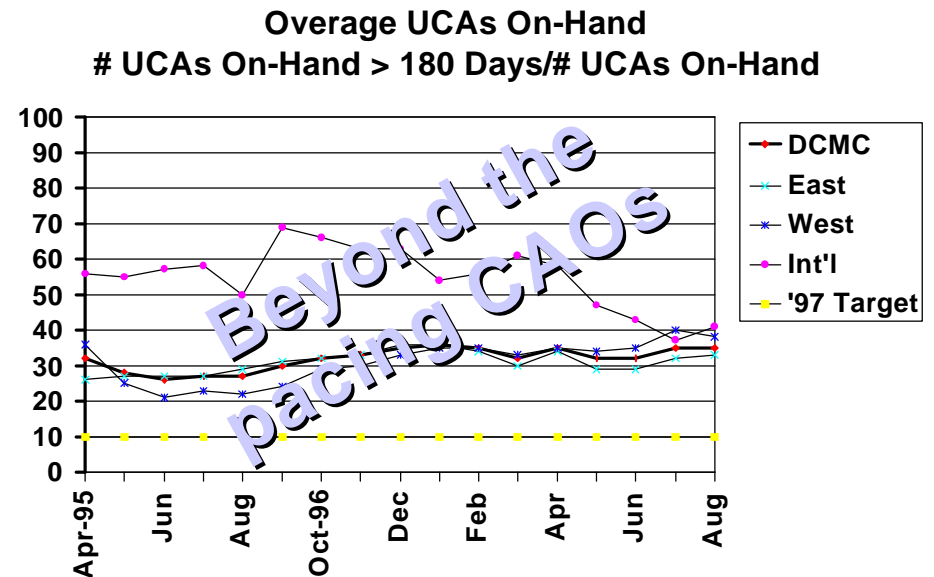➢ **Example - Contract Closeout (Contracts Overage / Contracts Awaiting Closeout)**

Are We Getting Better? Will the Current Trend Allow Us to Meet The Targeted Performance Level?

Contract Closeout
(Ks Overage / Ks Awaiting Closeout)
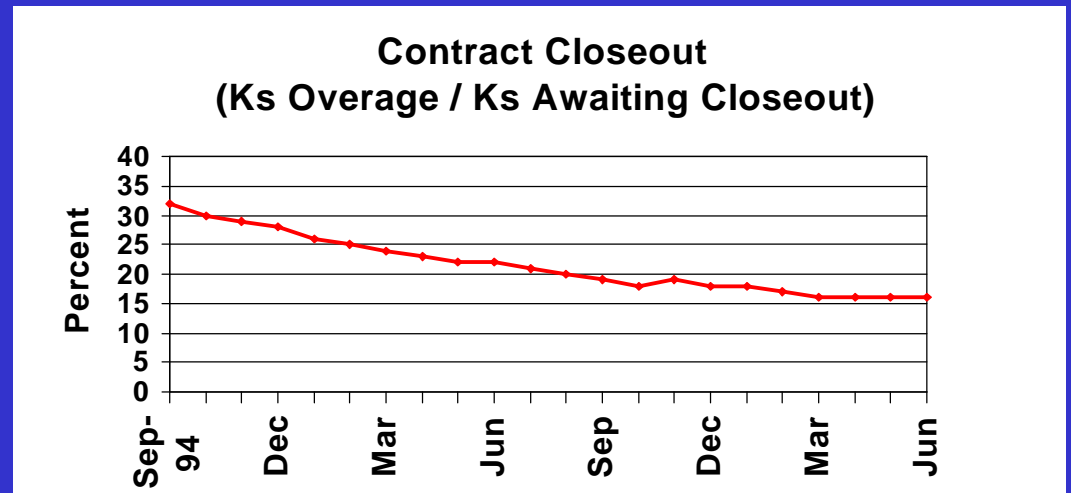
Flying Lesson #4

➢ **What's Driving Our Performance:**

    ➢ **Process Drivers/Feeders to Higher Level Metrics**

    ➢ **Knowing What Makes the Process Produce What It Does/Perform the Way It Does**

➢ **Example - Overage UCAs (UCAs On-Hand >180 Days)**

What Are the Drivers Of Our Performance? Applicable to Top Level And "Feeder" Metrics.

Overage UCAs On-Hand
 # UCAs On-Hand > 180 Days/# UCAs On-Hand

Beyond the pacing CAOs

Legend:
- DCMC
- East
- West
- Int'l
- '97 Target

X-axis: Apr-95, Jun, Aug, Oct-96, Dec, Feb, Apr, Jun, Aug
Y-axis: 0, 10, 20, 30, 40, 50, 60, 70, 80, 90, 100

Reasons For Overage UCAs

Step 1

➢ **Late or Inadequate Proposals**

➢ **Insufficient Funds**

➢ **Awaiting GFP Repairables**

➢ **Indirect Cost Issues/No Forward Pricing Rates**

➢ **Insufficient Staffing**

➢ **Design Changes Being Processed (PIOs)**

➢ **????**

Reasons For Overage UCAs

Step 1a - Basic Reasons
in Pareto Format

- Late or Inadequate Proposals
- Insufficient Funds
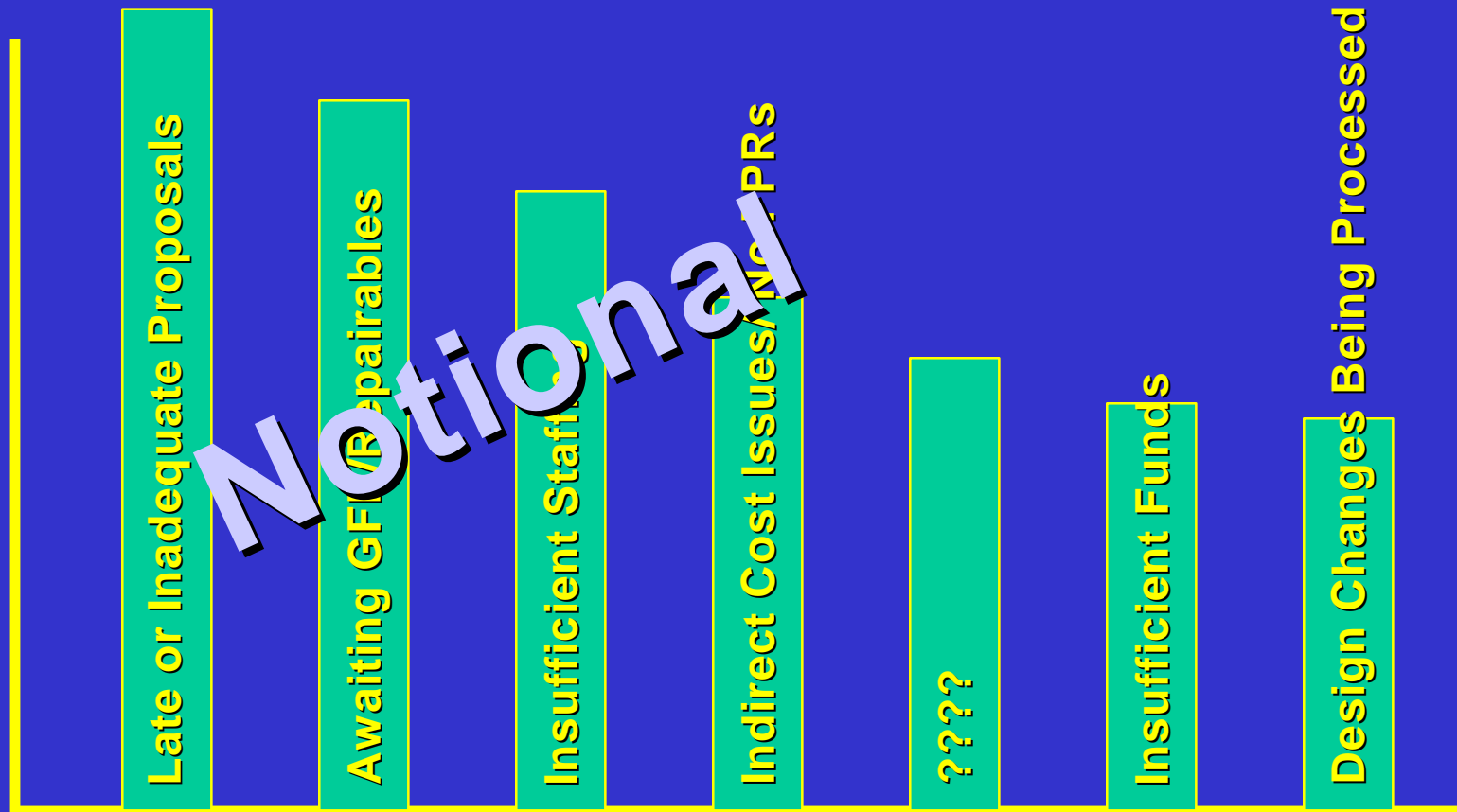- Awaiting GFP/Repairables
- Indirect Cost Issues/ No FPRs
- Insufficient Staffing
- Design Changes Being Processed
- ????

Reasons For Overage UCAs

Step 2 - Basic Reasons
w/ Magnitude of Impact (Pareto)

Notional

- Late or Inadequate Proposals
- Awaiting GFP/Repairables
- Insufficient Staffing
- Indirect Cost Issues/Not PRs
- ????
- Insufficient Funds
- Design Changes Being Processed

Reasons For Overage UCAs

Step 3 - Magnitude of Impact Weighted by Ability to Influence/Control (Pareto)
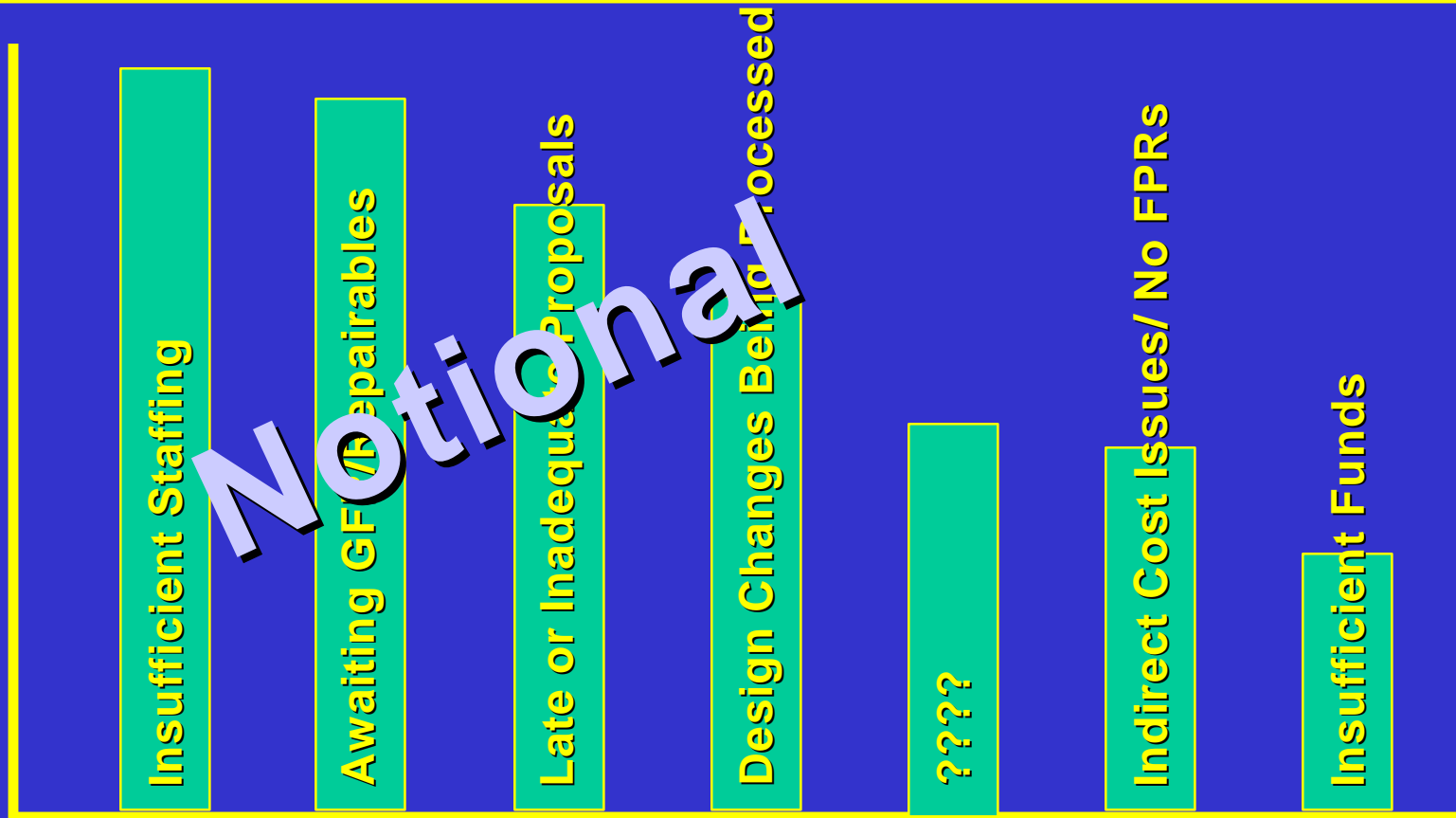
Flying Lesson #5

➢ **Everything You Need to Know to Be an Ace:**

    ➢ *How You Are Doing - Your Metric's True Value*

    ➢ *Is the Performance Moving - Better/Worse/Same*

    ➢ *What Are the Metric's Process Drivers*

    ➢ *Magnitude of the Impact of Those Drivers on the Metric*

    ➢ *The Degree of Control/Influence You Exert Over Those Drivers*

    ➢ *The Cost of Incremental Change for Each Driver and Thus the Metric*

What Flying Is All About

Hours of Boredom Punctuated by Moments of Stark Terror

➢ **If You Know Your Metrics, Autopilot Will Do**

➢ **If Not,...**

Everything We Know or Want to Know About "Outcomes"

- Outcome - the state that the customer is trying to achieve
  - Your product/service must contribute (influence) the outcome the customer is looking for
  - You must consider the determining where your product/service fits in - influences the outcome
- Outcomes - Relate ONLY to customers
  - No such thing as a supplier (us) outcome)
  - We deal in "outputs"
- Different outcomes for different customers
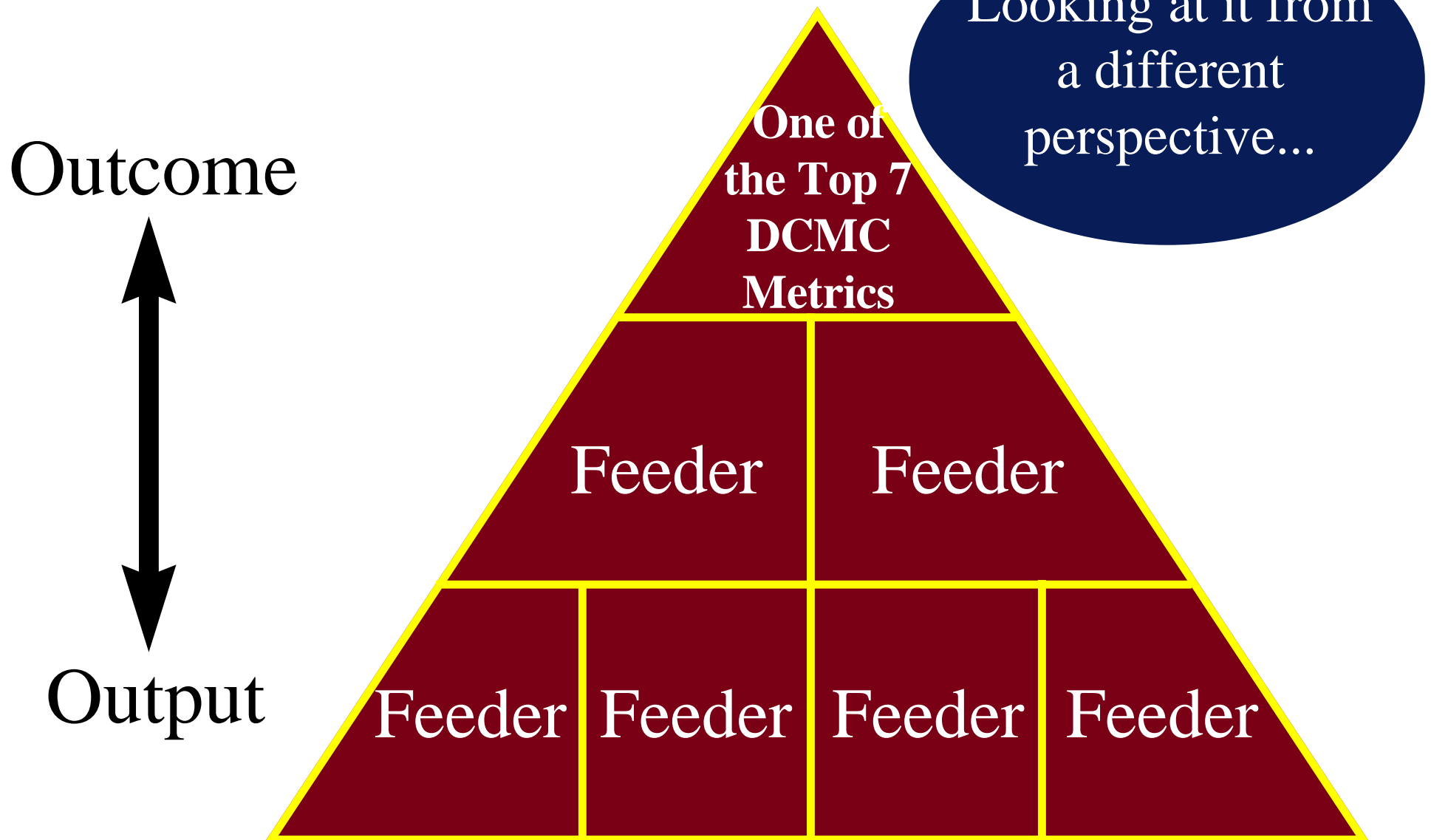 - Outcomes are NOT product/service dependent (i.e., they can be achieved in many different ways)

Hierarchy of Metrics

Read this like a "Cause-and-Effect" chain. I.E., causal relationships from one level to the next.

You are never the master of the universe if the top of the pyrimid is an OUTCOME. PS - That's the way it should be.

OUTCOME

Output

Output

Output

Output

Output

Output

Hierarchy of Metrics

Outcome

Output

One of the Top 7 DCMC Metrics

Feeder

Feeder

Feeder

Feeder

Feeder

Feeder

Looking at it from a different perspective...

Hierarchy of Metrics

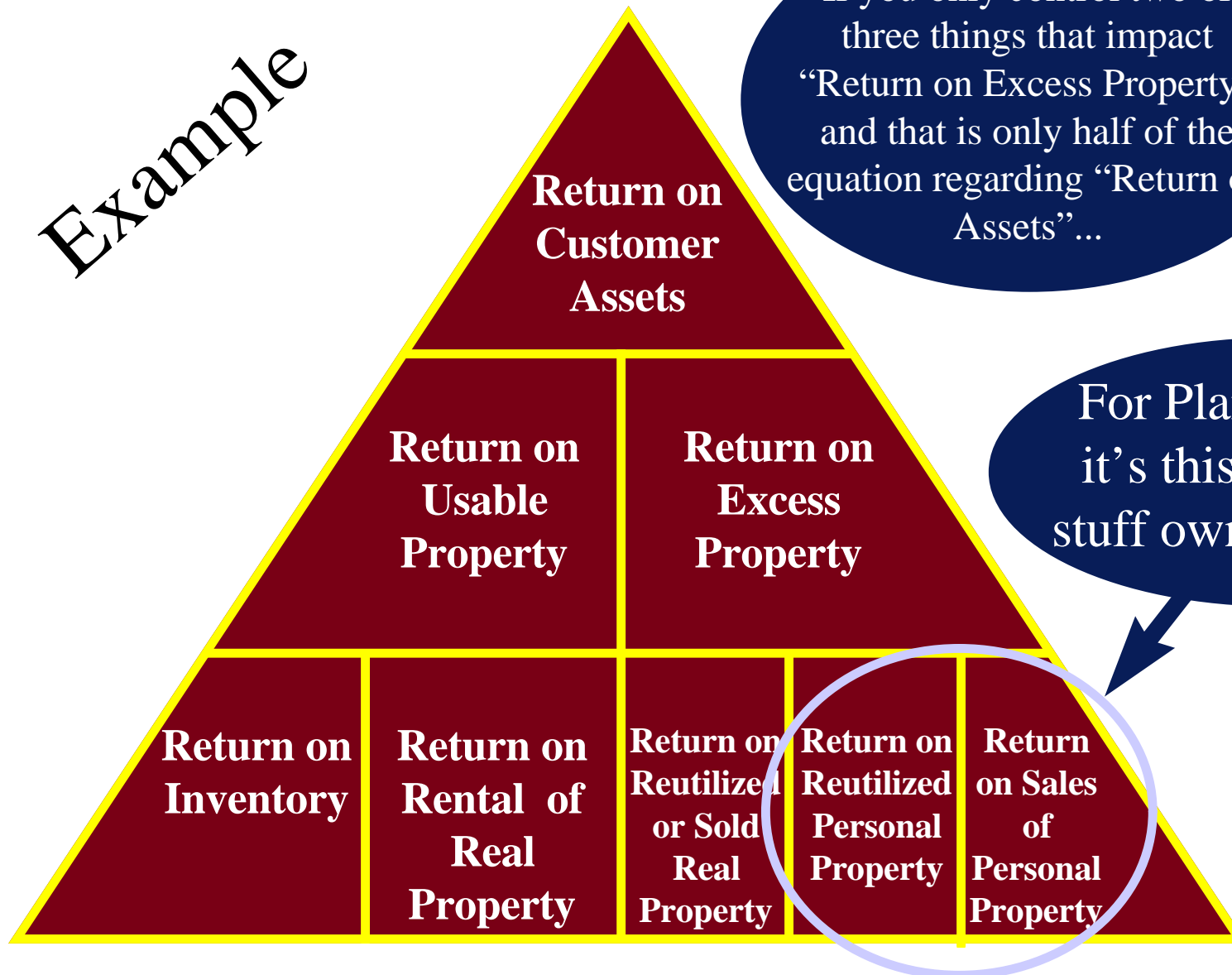You INFLUENCE outcomes and CONTROL outputs.

Because you only "own" (thus control) part of the action.
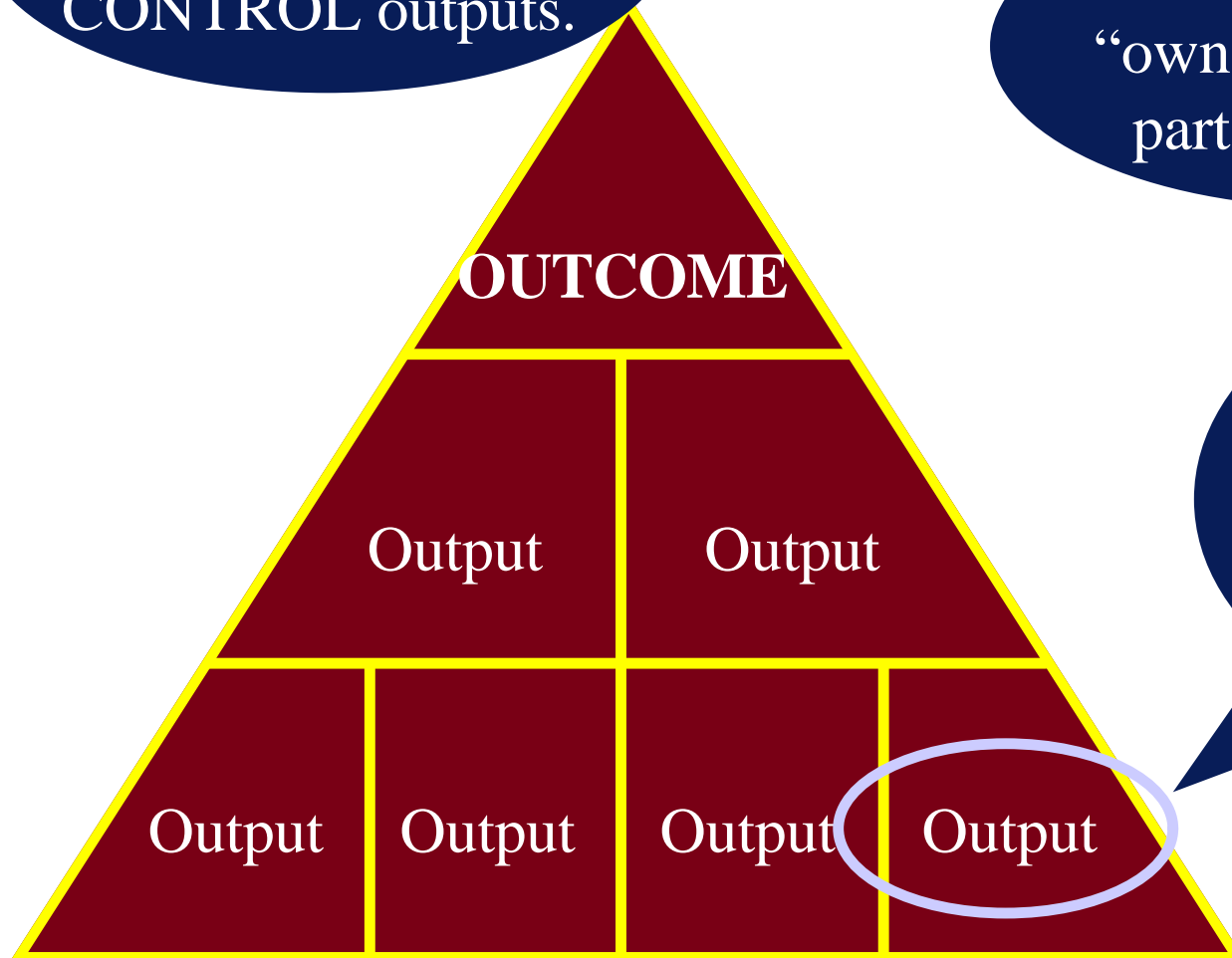
Maybe this is all you "own." Chain is in tact but "control" of the outcome is out of the question.

OUTCOME

Output | Output

Output | Output | Output | Output

Hierarchy of Metrics

Hierarchy of Metrics

You INFLUENCE outcomes and CONTROL outputs.

Influence is well situated because it can have an impact DIRECTLY at the outcome level.

So the bottom line is that we control what we can control and try to influence what we don't. Whatever it takes to get the customer what he wants.

OUTCOME

Output

Output

Output

Output

Output

Output